

## Message Text

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ACTION SCI-06

INFO OCT-01 ARA-16 EUR-25 IO-14 ISO-00 AF-10 EA-11 NEA-11

RSC-01 ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-10

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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 3922

INFO AEC GERMANTOWN PRIORITY

AMEMBASSY BELGRADE

AMEMBASSY MEXICO

C O N F I D E N T I A L IAEA VIENNA 1077

E.O. 11652: GDS

TAGS: IAEA, TECH, MX, YO, US

SUBJECT: IAEA HEALTH AND SAFETY PROVISIONS IN PROJECT

AGREEMENTS FOR MEXICAN AND YUGOSLAV NUCLEAR POWER PROJECTS

SUMMARY. DURING PAST SEVERAL DAYS, MAJOR DISPUTE HAS BEEN RAGING IN AGENCY SECRETARIAT OVER HEALTH AND SAFETY PROVISIONS IN MEXICAN (AND PROSPECTIVE YUGOSLAV) NUCLEAR POWER PROJECT AGREEMENTS, PROMPTED LARGELY BY INDICATION FROM YUGOSLAV UTILITY REPS WHO VISITED AGENCY LAST WEEK FOR DISCUSSIONS RE KRSKI PROJECT AND SUPPLY AGREEMENTS THAT THEY WOULD PROBABLY HAVE SERIOUS DIFFICULTY IN ACCEPTING SUCH PROVISIONS AS CONTAINED IN DRAFT MEXICAN PROJECT AGREEMENT. END SUMMARY.

1. APPARENTLY KRSKO CONTRACT WITH WESTINGHOUSE SPECIFIES THAT REACTOR WILL MEET APPLICABLE U.S. SAFETY STANDARDS AS OF OCTOBER 31, 1973, AND ACCORDINGLY, KRSKO WOULD NOT WISH GOY ACCEPT ANYTHING IN AGENCY PROJECT AGREEMENT THAT COULD IN FUTURE GO BEYOND SUCH STANDARDS. THIS, OF COURSE, PRESENTS PROBLEM FOR AGENCY IN LIGHT  
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OF SAFETY REQUIREMENTS PER ARTICLE XI OF STATUTE.

2. FOLLOWING VISIT BY YUGOSLAV REPS, MATTER WAS SUBJECT OF IMPASSIONED DISCUSSION IN SECRETARIAT, WHICH, IN WORDS OF ONE STAFF MEMBER, RESULTED IN "TREMENDOUS UPHEAVAL." ON ONE SIDE, DDG CHERNILIN (SOCIET), SUPPORTED BY DIRECTOR OF DIVISION OF NUCLEAR POWER AND REACTORS, POLLIART (FRANCE), ARGUED THAT AGENCY SHOULD NOT RPT NOT PUT ITSELF IN POSITION OF TAKING ON SUCH SERIOUS HEALTH AND SAFETY RESPONSIBILITIES INsofar AS POWER REACTORS WERE CONCERNED, AND MOREOVER, THAT AGENCY IS SIMPLY NOT RPT NOT EQUIPPED IN ANY EVENT TO DO THIS. FURTHER, CHERNILIN IS CONCERNED ABOUT FINANCIAL IMPLICATIONS FOR AGENCY IN UNDERSTAKING THESE RESPONSIBILITIES. LINED UP SOLIDLY ON OTHER SIDE WERE DDG HALL (U.S.), LEGAL DIVISION STAFF AND DIRECTOR OF DIVISION OF NUCLEAR SAFETY AND ENVIRONMENTAL PROTECTION, SERVANT (FRANCE), ALL OF WHOM CITED CHAPTER AND VERSE FROM AGENCY'S STATUTE AND OTHER OFFICIAL AGENCY DOCUMENTS WHICH CLEARLY SPELL OUT AGENCY'S HEALTH AND SAFETY RESPONSIBILITIES WITH RESPECT TO AGENCY ASSISTED PROJECTS.

3. DISPUTE IS NOT RPT NOT OVER, BUT IT IS CLEAR THAT MEXICAN AGREEMENTS AS CURRENTLY DRAFTED WILL BE PRESENTED TO BOARD AS SCHEDULED. UNDERSTAND DG PLANS TO MAKE STATEMENT WHEN THEY COME UP, WHICH WOULD PROBABLY INCLUDE GENERAL OUTLINE OF AGENCY'S STATUTORY RESPONSIBILITIES IN HEALTH AND SAFETY MATTERS, NOTE NEW DIMENSION INVOLVED IN FIRST NUCLEAR POWER PROJECT PRESENTED TO BG FOR APPROVAL, INDICATE THAT, BECAUSE OTHER SUCH PROJECTS LIKELY TO FOLLOW, SECRETARIAT WILL BE REVIEWING FULL IMPLICATIONS (INCLUDING FINANCIAL) INVOLVED FOR AGENCY IN FUTURE, WHICH MAY BE THE SUBJECT OF FURTHER GUIDANCE TO BE SOUGHT FROM BG IN COMING MONTHS.

4. COMMENT: IT IS POSSIBLE THAT, FOLLOWING FURTHER INTERNAL REVIEW OF THIS MATTER, HEALTH AND SAFETY ANNEX OF PROPOSED YUGOSLAV PROJECT AGREEMENT MAY BE REVISED TO SOME EXTENT, ALTHOUGH WE SERIOUSLY DOUBT THAT AGENCY WOULD GO SO FAR AS TO AGREE IN EFFECT TO "FREEZE" STANDARDS AT ANY PARTICULAR POINT IN TIME. ON OTHER HAND, CONFIDENTIAL

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SOME FLEXIBILITY IN LANGUAGE MIGHT WELL BE INTRODUCED AS PART OF COMPROMISE ON THIS ISSUE THAT IS LIKELY TO EMERGE FROM SECRETARIAT. BELIEVE TIMING OF THIS DISPUTE HAS SERVED VERY USEFUL PURPOSE OF FURTHER ACCELERATING AGENCY EFFORTS TO COME TO GRIPS WITH LONG-STANDING U.S. PROPOSAL (STATE 85156 DTD MAY 4, 1973) TO INCREASE EFFECTIVENESS OF AGENCY'S ACTIVITIES RELATED TO REACTOR SITING, SAFETY AND REGULATORY CONTROL

MATTERS, ON WHICH DDG CHERNILIN APPEARED TO BE DRAGGING HIS FEET FOR SOME TIME, PERHAPS DUE TO MISUNDERSTANDING ABOUT CERTAIN ASPECTS OF OUR PROPOSAL. IN ANY EVENT, INTERNAL SECRETARIAT WORK ON THIS PROBLEM HAD FINALLY REACHED POINT OVER PAST FEW WEEKS WHERE SPECIFIC PROPOSALS WERE BEING FORMULATED, ALTHOUGH WE WERE ALSO RECEIVING SOME "SIGNALS" OF CERTAIN JURISDICTIONAL PROBLEMS IN THE RANKS AND WE BEGAN WONDERING WHETHER EFFORT MIGHT BOG DOWN AGAIN. FORTUNATELY, CURRENT DISPUTE HAS HEIGHTENED INTEREST IN VARIOUS SECTORS OF SECRETARIAT AND CLEARLY SHOWN URGENCY OF AGENCY ACTION IN THIS FIELD, IN ORDER TO MEET ITS STATUTORY RESPONSIBILITIES, QUITE APART FROM THE ORIGINALLY PERCEIVED PROBLEM OF MEETING REQUESTS FROM MEMBERS.END COMMENT.

5. MISSION WILL REPORT ANY FURTHER SIGNIFICANT DEVELOPMENTS THIS MATTTTER.PORTER

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## Message Attributes

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